

LIGHTS,



CAMERA, *ACTION!*

60 YEARS OF MAGIC

1988 marks the 60th anniversary of the creation of MICKEY MOUSE. People all over the world celebrated the momentous occasion as our favorite Mouse stepped into the spotlight. He made the cover of TIME magazine, was named the ABC-TV "Person of the Week," made a special appearance at the New York Stock Exchange and became a United Nations Goodwill Ambassador. Mickey also appeared in 93 million copies of major magazines, was honored in Russia with a film tribute created by Russian animators and on his birthday, November 18, 7,500 radio stations simultaneously played the "The Mickey Mouse Club March."

With Mickey as its symbol, the past six decades have proven that The Walt Disney Company is a leader in the entertainment industry and continues to be a frontrunner in the business. In 1988 revenues were almost \$3.5 billion, up 20% from fiscal 1987. Operating income was \$884.8 million, up 14%, and net income was \$522 million, up 17%. The period that ended on December 31 was easily the most successful first quarter in the Company's history.

1988 highlights included the mega-hit "Who Framed Roger Rabbit," and the Walt Disney World Resort this past year witnessed the opening of Disney's Grand Floridian Beach Resort and Disney's Caribbean Beach Resort as well as the arrival of Norway: Gateway to Scandinavia and Mickey's Birthdayland. KHD-TV in Los Angeles officially came on board in 1988, and "The Golden Girls" continued to be one of the most watched shows on television. There are now 17 Disney Stores, and revenues for the Consumer Products division is up 48%. At Disneyland Park, Splash Mountain is gearing up for a summer opening. But the most eagerly awaited event is the May 1, 1989 grand opening of the new Disney-MGM Studios in Florida.



The "Eiffel Tower" is a Disney-MGM Studios landmark.

Michael Eisner, Chairman of the Board and CEO, The Walt Disney Company



Frank Wells, President and COO, The Walt Disney Company



Dick Nunis, President, Walt Disney Attractions





Michael and his "LAMOUSERS"



The gates to the Disney-MGM Studios open May 1, 1989.



Delivers The Grand Floridian to guests in the World's most luxurious way



The New York Street Backlot at the Studios in Florida.



Mickey's Birthdayland is the newest "land" in the Magic Kingdom



Disney's Grand Floridian Beach Resort boasts the most luxurious accommodations on property



Disney's Caribbean Beach Resort opened its first phases in the fall



The Never Land Club is an entertainment experience for children



Michael and friends at the Disney-MGM Studios.

WALT DISNEY WORLD RESORT

Highlights

The growth that the Walt Disney World Resort has experienced over the past year has been unparalleled in the Company's history. Not only is a new Theme Park set to open, but resorts have sprung up, as well as brand-new attractions in both the Magic Kingdom Park and EPCOT Center.

After years of planning, the Disney-MGM Studios will open its gates to the public on May 1, 1989. This third gated attraction, located south of EPCOT Center, is 135 acres of movie magic. As both a tour and a working production facility, the Studios will allow guests to experience movie-making in its heyday of the '30s and '40s, as well as see actual shows in production.

With the help of over 100 Audio-Animatronics figures, "The Great Movie Ride," Disney's most ambitious ride-through attraction, transports guests through scenes of some of the most popular films ever made, like "Casablanca," "The Wizard of Oz," and "Mary Poppins." Other highlights include a Backstage Tour of the production facilities, a look at Disney Animators at work, a thrilling stunt theatre and more. Art deco restaurants and shops, lively entertainment and a re-creation of the famous Hollywood Boulevard all lend themselves to the movie mystique. And in early 1990 "Star Tours" will make its Florida debut.

As a full-service production set, the Disney-MGM Studios opened in June and have already hosted a variety of movies, television shows and commercials. From pre-production through shooting through editing, the facilities are set up as a "one-stop" production facility. A sample of projects that have used the Disney-MGM Studios include the television shows "The Mickey Mouse Club," "Superboy," "Win, Lose or Draw," and "Sukel & Elbert." Movies such as "Splash, Too," and "Ernest Saves Christmas," and commercials for General Motors and Monsanto have all been shot at the

Studios. To further promote the Disney-MGM Studios, the LIMOUSINE, a Mickey Mouse-inspired limo, is hitting the road from now until May.

The Disney-MGM Studios would not have been possible had it not been for a little mouse named Mickey. This year marks Mickey's 60th birthday and nowhere is it more evident than in the Magic Kingdom. In honor of the birthday mouse, Mickey's **Birthdayland**, a three-acre site adjacent to Fantasyland, opened to guests this past summer. In this new "land" guests can visit Mickey's house, drop in on a surprise party for him, visit Grandma Duck's farm and meet Mickey in person. And for more birthday fun there's Mickey's **All-American Birthday Parade** which debuted in the Magic Kingdom in October.

On November 18, a very special "Mickey's 60th" party was held for the birthday mouse. The invited guests were over 5,000 underprivileged children and the mayors of their hometowns. The party was a huge success and not only included children from all over the United States, but from Ireland, England, the Soviet Union, France and Germany as well.

Over in EPCOT Center there was a celebration of another kind as **Narweg Gateway to Scandinavia**, the eleventh World Showcase nation was unveiled. The Crown Prince and Princess of Norway were in attendance for the June 3 opening ceremony. Restaurant **Akershus**, a bakery and shops featuring Scandinavian arts and crafts are all featured in Norway. Also this past summer, **Machtram**, a Viking river voyage attraction debuted.

It was a big year for Resorts as Disney's **Grand Floridian Beach Resort** opened to the public on July 1. The third hotel on the Monorail system, the 901 rooms that make up this world-class resort are the most luxurious accommodations on property. In the short time it has been open, the

Grand Floridian's occupancy has been high and it has had an impressive return guest rate.

In September another resort opened its doors to guests—Disney's **Caribbean Beach Resort**, the first moderately-priced accommodations on Disney property. Located on 200 acres southeast of EPCOT Center, the tropically-themed "villages" surround a 42-acre lake. When completed this summer there will be over 2,300 rooms.

In November the new Disney's **Village Resort Reception Center** held its ribbon-cutting ceremony. At The Disney Inn, "Happy's Hollow" recreation complex is now fully operational. And at Disney's Polynesian Resort, **The Never Land Club**, a unique dinner and entertainment experience for children ages 3-12, had its official opening in September.

1988 was a banner year for our **Culinary Team**. The five-member team of Walt Disney World chefs earned 13 gold medals and two silvers at the IKA HOGA '88 "Culinary Olympics" in Frankfurt, West Germany.

The Crossroads of Lake Buena Vista opened its first retail unit, McDonald's, in November. In addition to many fast food and full-service restaurants, The Crossroads houses shops, a Post Office, a Gooding's grocery store and Pirate's Cove miniature golf course.

At **Pleasure Island**, which is scheduled to open soon, the AMC Theatres began screening movies in their 10 movie theatres in December.

With all of the recent expansions, now more than ever, additional cast members are needed to help run the Parks and Resorts. The 61,000-square-foot **Casting Center**, off of Interstate 4, designed by noted architect Robert A. M. Stern, consolidates many Human Resources functions.

CURRENT PROJECTS

Pleasure Island, which will be fully operational in the fall, will offer guests a wide variety of nightlife. Six unique nightclubs as diverse as the Neon Armadillo Music Saloon (catering to a variety of musical tastes with live country and western, jazz, and cabaret performances), and the Comedy Warehouse, featuring high-powered comedians, will be the focal point. A half dozen restaurants and snack locations and 12 shops make up the rest of the entertainment complex which is adjacent to Disney Village Marketplace. At Pleasure Island, the AMC Pleasure Island 10 Theatres have already opened and additional areas are scheduled to open in late April.

About a mile down the road from Pleasure Island is **Typhoon Lagoon**, a one-of-a-kind water Theme Park. Here guests can snorkel among thousands of tropical fish, plummet down water flumes and ride the waves in the world's largest inland surfing lagoon. Four times the size of River Country, this 54-acre gated attraction will be ready for guests this summer.

Fall marks the opening of **Wonders of Life** in EPCOT Center. The gold-domed 100,000-square-foot pavilion is devoted to dramatizing the

intricacies of human life and health. "Body Wars," a simulator journey through the human body, will be the featured attraction and "Fitness Fairgrounds" will allow guests to participate in a variety of activities.

In the Magic Kingdom Park, **Dreamflight** will take off mid-summer. This new attraction in Fantasyland will carry guests through the wonders of aviation from its barnstorming beginnings to the possibilities of future flight.



Typhoon Lagoon will open this summer



Pleasure Island has a variety of nightlife



Disney's Yacht Club and Beach Resort will have over 1,200 guest rooms.

In November, the Walt Disney World Swan resort, designed by award-winning architect Michael Graves, will open with 767 guest rooms and additional meeting areas. This hotel, along with the Walt Disney World Dolphin, scheduled to open next summer, will be Florida's largest convention hotel complex. When completed the two luxury resort facilities will have nearly 2,300 guest rooms and 200,000 square feet of meeting and convention space. Located just west of EPCOT Center, the Swan and the Dolphin will be connected by water taxi to a dock at France in the World Showcase.

Although the Walt Disney World Dolphin will be operated by The Sheraton Corp. and the Walt Disney World Swan will be run by Westin Hotels and Resorts, all employees will be Walt Disney World cast members.

Adjacent to the Swan and the Dolphin is Disney's Yacht Club and Beach Resort. Currently under construction, the two vacation hotels are designed by Robert A.M. Stern. The resort will contain 1,214 guest rooms and 51,000 square feet of meeting space. The 634-room Disney Yacht Club Hotel, the first phase of the project, will be opened in spring 1990. The 580-room Disney Beach Club and meeting facilities will follow in early summer 1990. Both will be operated by Walt Disney Resorts.

Construction continues as plans for the new Corporate Office Building, located west of the Casting Center, are underway. The new building will be 400,000 square feet, complete with a fitness facility for salaried cast members. This centralized office will be home to many departments now off property as well as the administrative offices. It is scheduled to open in 1990.



Wonders of Life in EPCOT Center is 100,000-square-foot



The Walt Disney World Swan and the Walt Disney World Dolphin are designed by Michael Graves.

DISNEYLAND

Excitement is building at Disneyland as the grand opening of **Splash Mountain** draws near. Scheduled to debut this summer, this attraction is based on the stories and characters from the Disney classic, "Song of the South." Billed as the world's largest flume attraction, it even has a drop that is over half a mile long. When it opens, guests will ride in one of 46 logs at speeds varying from two feet per second to 40 miles per hour.

On the same day that Walt Disney World celebrated "Mickey's 60th" November 18, with a gigantic party, Disneyland did the same. Over 5,000 underprivileged children and seniors from 69 U.S. cities were at the party. Children from Tokyo, Mexico and Canada also took part in the celebration.

In 1955 when Disney purchased the **Walter Company**, it acquired the **Disneyland Hotel** and valuable acreage adjacent to Disneyland, leasehold contracts to operate the **Queen Mary** and **Space Goose** attractions, and options for certain land-development opportunities. Also in 1955, it was announced that **Delta Air Lines**, the official airline of the Walt Disney World Resort, is now the Official Airline of Disneyland as well.



Minnie Mouse enters it's pie competition at the State Fair

Air travelers flying high above Stockfield, Iowa were in for a treat last summer as **Kernell Mickey** made a dramatic Midwest appearance. Two hundred and forty acres of corn and oats, making up the likeness of Mickey's head, were grown under one of the United States' busiest air routes.

During the Christmas season, **Roger Rabbit's Christmas Village** opened near Big Thunder Mountain. The area was devoted to Roger Rabbit and featured a new stage show.

For the third straight year the **Great American Race** took off from Town Square. One hundred and twenty antique cars, all vintage 1936 or earlier,



Back to the Past features 50 vintage entertainment

participated in the road race that ended 12 days later in Boston.

Bliss to the Past, a 50's-style revival, was so successful last May that it was brought back this March. Another highly successful event that has returned to Disneyland is **State Fair** which opened in August. It combined successful elements from last year's State Fair and new shows like **Captain of the Clouds**, a 64-foot inflatable airship that flies over the Park. Also in August, a **Salute to the Summer Games** took place as Olympic athletes participated in the daily parade and other events to raise money for the Olympic team.



Starforce One flies over "Kernell Mickey"



Splash Mountain is themed from "Song of the South"

TOKYO DISNEYLAND

Tokyo Disneyland continues to be a huge success and this past September its 60 millionth guest walked through the gates. (This number is equal to half the population of Japan.) Business is sure to continue to be good as *Star Tours* makes its Japanese debut this summer. A preview center has been set up to give guests a glimpse of this futuristic attraction which features a simulator ride through the galaxy and is hosted by R2D2 and C3PO from "Star Wars." And the "Happy Five Years" theme continues through mid-April as part of the Park's year-long anniversary celebration.

Cladarella Castle was in the news recently when a magazine committee of the 140,000 member Federation of Japanese Architects Association named it one of the landmark structures of the "Showa Era."

The Tokyo Bay Hilton International, the Dai-ichi Hotel Tokyo Bay and the Sheraton Grand Tokyo Bay opened in

1988. They are all part of the Tokyo Disneyland Official Hotel Program.

On December 1, the new Maihama Station on the JR Keiyo line opened across the street from the Main Entrance. This new station links the Park via a rail/subway connection, with downtown Tokyo. When the full railway route is completed in 1990, it will connect Tokyo Disneyland with the bullet train network that serves all of Japan. A pedestrian overpass called the "Gateway" connects the station to the Theme Park.



Everyone's celebrating the Tokyo Disneyland 5th Anniversary.

In 1988 Japan Credit Bureau (JBC) became a participant and sponsor. Captain EO, Nippon Express, a worldwide delivery service, now sponsors the Skyway attraction. And this March UNISYS signed a sponsorship agreement for the Tokyo Disneyland Electrical Parade.



Mickey Mouse flies high above Tokyo Disneyland.



EURO DISNEYLAND

Ground has been broken and construction is underway at the 4,800-acre Euro Disneyland site 19 miles east of Paris, France.

This past June it was announced that Banque Nationale de Paris (BNP) has been selected as global agent bank for the Theme Park. Several other banks from France, Germany, Switzerland, Japan and the United States will participate in the underwriting process.

Renault has joined Euro Disneyland as the first official Magic Kingdom participant. The company will present a major attraction at the entrance to a new land inspired by the works of Jules Verne — Discoveryland. When the Park opens in 1992 it is estimated that at least 11 million guests will visit annually.



Euro Disneyland will open its gates in 1990.



Live Action Features

Beginning in January 1988, Walt Disney Studios seized the industry box office lead in feature films and held it throughout 1988. This was the first year that Disney over led the industry in total box office receipts.

Crucial to the 1988 success were two movies brought out in late 1987, "Three Men and a Cradle" and "Good Morning, Vietnam." By the time they ended their runs in the summer, they had become the first consecutive releases by any Hollywood studio to gross more than \$100 million each.

The real hero of the year, though, was a brand new character named Roger Rabbit. His movie was the biggest

financial risk Disney had taken since "Snow White and the Seven Dwarfs" 54 years earlier. But the risk paid off. "Who Framed Roger Rabbit" came to be one of the most successful movies in history. A collaborative effort between Disney and Steven Spielberg, this groundbreaking film has grossed a worldwide total approaching \$300 million.

Also contributing to Walt Disney Studios' tremendous success were "Cocktail," which earned more than \$75 million, "Big Business," which grossed \$40 million, and Touchstone's "The Good Mother," "Ernest Saves Christmas," and "Beaches." Recent releases include "Three Fugitives," "New York Stories," "Designing Women,"

"Crime," and "Bankjob." "Honey, I Shrunk the Kids" and the action adventure, "Cheetah and Friends" are scheduled to be in theatres later this year.

Films currently in production include "Dead Poets' Society," starring Robin Williams, "Turner & Hooch," with Tom Hanks, and Tom Selleck's "Hard Rain." Scheduled for movie theatres in 1990 is "Dick Tracy," directed by and starring Warren Beatty.

Because of the current high level of production, Disney's third movie company, "Hollywood Pictures," has been created. The new division will make films comparable in style and budget to Touchstone.



"Who Framed Roger Rabbit" is one of the most successful movies in history.



Woody Allen starred in, wrote, and directed 'Dead Poets' Society' as part of the 'New York Stories' trilogy.



"Three Fugitives" starred Nick Nolte and Martin Short.



"Cocktail" featured Tom Cruise.

Feature Animation

Setting an all-time box office record for an animated feature in initial release is Disney's 27th full-length animated film "Oliver & Company." A lively adaptation of Charles Dickens's *Oliver Twist*, the mid-December release boasted a soundtrack featuring songs by Huey Lewis, Billy Joel, Bette Midler and Ruth Pointer.

With "Oliver & Company" Disney marked a turning point in the revitalization of the Studio that began four years ago. The Animation Department's commitment is to produce one new animated feature annually.

"The Little Mermaid" is scheduled

for release during the 1989 Christmas holiday season. The first classic fairy tale the Company has produced since "Sleeping Beauty," the movie will include seven new songs written by the "Little Shop of Horrors" team of Howard Ashman and Alan Menken.

Work is already underway for the 1990 sequel to "The Rescuers." In the new animated film Bernard and Bianca travel to Australia on a mission tentatively titled, "The Rescuers Down Under."

Also of note for the Animation Department is the opening of the Disney-MGM Studios. Over 60 Animators will be working there producing theatrical featurettes such as "Mickey's Christmas Carol."



"Oliver and Company" set a box office record

Network Television

Disney's strength on network television continues to grow. With the new series "Hard Time on Planet Earth," which premiered on CBS March 1, the Company is now on all three major networks.

"The Golden Girls," winner of 10 Emmys, returns for its fourth season and continues to be one of the most-watched programs on television. Directly following the hit series on NBC Saturday night is its spin-off, "Empty Nest." Recently, Richard Mulligan won a Golden Globe for his starring role in the series.



"Davy Crockett" returns to the airwaves.

On ABC the new animated series "The New Adventures of Winnie the Pooh" made an impressive debut. A solid hit, this Saturday morning cartoon is both a critical and popular success. Also on Saturday morning is the well-received NBC show "The Adventures of the Gummi Bears."



John Schneider stars in "Wild Jack."



"The Golden Girls" has won 10 Emmys.

Disney returns to Sunday nights with its "Magical World of Disney" on NBC. The program is made up of four separate segments each airing on a weekly rotation. They include the return of familiar Disney favorites



"The Absent-Minded Professor" is part of the rotation on the "Magical World of Disney."

"Davy Crockett" and "The Absent-Minded Professor." Also on the roster is a new adventure program called "Wild Jack" with the fourth segment being a movie or special such as the opening of the Disney-MGM Studios.

Syndicated Television

Buena Vista Television continues to be a major supplier of syndicated shows. The number one game show introduced last season was "Win, Lose or Draw." Seen in 180 markets, the series consistently places among the top 30 syndicated programs on the air.

In the number one movie review show position is "Siskel & Ebert," now in its third season for Buena Vista Television. And the recent addition of "LIVE with Regis and Kathie Lee," hosted by Regis Philbin and Kathie Lee Gifford, has an avid following and is doing well nationally.

"DuckTales" has been the number-one rated syndicated kids' show since it debuted last season. Now in its second season, it is seen in 95% of the country. Next year "DuckTales" will be one of four Disney animated shows to make up a two-hour daily syndicated segment tentatively titled "The Disney Afternoon." The other three



A recent addition to Buena Vista Television is "LIVE with Regis and Kathie Lee."

shows are "Clay 'n' Dale's Rescue Rangers," which debuts this year; a spin-off of "DuckTales" called "Tale Spin;" and "The Gummi Bears," which will also remain in its Saturday morning slot.

Also in syndication is a 178-hour collection of classics from the "Wonderful World of Disney" and four movie



"DuckTales" is the number-one rated kid's syndicated television show.



"Win, Lose or Draw" is among the top 10 syndicated programs on the air.

packages consisting of Disney and Touchstone favorites. In 1990 "The Golden Girls" premieres in syndication and it is expected that it will be a big hit.

The Disney Channel



The Disney Channel celebrated its fifth birthday this past year and is currently serving a total of 4.3 million subscribers. Its recent signing with News International will make The Disney Channel available for the first time via satellite to viewers in Great Britain and Ireland through Rupert Murdoch's Sky Channel. Other 1988 highlights include the debut of the made-for-cable movie "A Friendship in Vienna," starring Jane Alexander, and a Manhattan Transfer special.

April 24 marks the return of "The Mickey Mouse Club" to the airwaves. The all-new half-hour show is taped in front of a live audience at the Disney-MGM Studios and airs five days a week.

In March a Judy Collins concert special, part of the "Going Home" series, aired and a new six-hour mini-series production of Charles Dickens' classic "Great Expectations" premiered. Prior to its syndication debut later this year, "Chip 'n' Dale Rescue Rangers" will have its world debut on The Disney Channel.

Recently The Disney Channel was the recipient of three ACE Awards, the cable industry's award for excellence.



The new "Mickey Mouse Club" debuts on April 24.

Home Video

On the home video front, Buena Vista Home Video, which distributes Disney and Touchstone products, now ranks number one in market share. Throughout August and September, "Good Morning, Vietnam" sold over 2.2 million units and topped the sales and rental charts. Meanwhile, a special video commemorating Mickey Mouse's 60th birthday dominated the KidVid charts. This marks the first time a Company has been at the top of all three charts simultaneously.

Also at Buena Vista, 1988 Parent's



"Good Morning, Vietnam" sold over 2.2 million units.

Choice Awards went to "Lady and the Tramp" and "Anne of Green Gables." Later this year Bulbul Moose and Rocket J. Squirrel will be on video as well as the Disney releases "Cocaine" and "Hearbreak Hotel."

In 1988, Walt Disney Home Video, which distributes kid's videos, averaged 20 of the top 25 spots in the weekly ratings. This past fall, "Cinderella" became the division's biggest success story. It had the



The best-selling rental video in history is "Three Men and a Cradle."

largest advance sales ever for Disney at 4.8 million units and is second only to "E.T." in industry history. As part of the "Bring Home the Classics" Christmas campaign, "Cinderella" and 35 other titles received extensive tie-in support from Procter & Gamble, McDonald's and Coca-Cola.

Honors for the best-selling rental video in history go to the "Three Men and a Cradle." It won this title even before its official release date in November.



Disney Home Video now ranks number one in market share.